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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Gruen, Hans Peter, dka
PROBITY FIRST FINANCIAL SERVICES

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

VIA BELTRAME 17

(No. and Street)

VICENZA

ITALY

36100

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

PETER GRUEN 01139 0444 515 286

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GREENE, ARNOLD., CPA

(Name - if individual, state last, first, middle name)

866 UNITED NATIONS PLAZA, NEW YORK, N.Y. 10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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3/22/10

OATH OR AFFIRMATION

I, PETER GRUEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PROBITY FIRST FINANCIAL SERVICES, as of DECEMBER 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Peter Gruen
Signature

SOLE PROPRIETOR
Title

Paul Diener



Notary Public

Vicenza, December 15 2008

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

PROBITY FIRST FINANCIAL SERVICES

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

FORM X-17A-5

DECEMBER 31, 2008

PROBITY FIRST FINANCIAL SERVICES

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DECEMBER 31, 2008

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ARNOLD G. GREENE

CERTIFIED PUBLIC ACCOUNTANT

866 UNITED NATIONS PLAZA

NEW YORK, N.Y. 10017

(212) 751-6910

FAX (516) 742-5813

INDEPENDENT AUDITOR'S REPORT

To the Sole Proprietor of

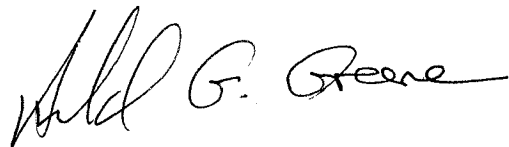
PROBITY FIRST FINANCIAL SERVICES

I have audited the accompanying statement of financial condition of Probity First Financial Services as of December 31, 2008 and the related statements of income and expenses, changes in capital account, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Probity First Financial Services as of December 31, 2008, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles, on a basis consistent with that of the preceding year.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information list in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



February 28, 2009

PROBITY FIRST FINANCIAL SERVICES
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

ASSETS

Cash	\$ 2,605
Receivables from brokers and dealers:	
Commissions receivable	274
Investments	<u>6,829</u>
Total assets	<u>\$ 9,708</u>

LIABILITIES AND OWNERSHIP EQUITY

LIABILITIES

Accrued expenses payable	\$ <u>620</u>
Total liabilities	620
Capital:	<u>9,088</u>
Total liabilities and capital	<u>\$ 9,088</u>

See notes to financial statements.

PROBITY FIRST FINANCIAL SERVICES
STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2008

Revenue:

Commissions	\$ 19,865
Interest income	<u>299</u>

Total revenue	20,164
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Expenses:

Salary of proprietor	\$14,500
Professional fees	5,870
Other expenses	<u>313</u>

Total expenses	<u>(20,683)</u>
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Net loss	<u>(\$ 519)</u>
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See notes to financial statements.

PROBITY FIRST FINANCIAL SERVICES

STATEMENT OF CASH FLOWS

DECEMBER 31, 2008

Cash flows from operating activities:

Net loss \$(519)

Changes in operating assets and liabilities:

Decrease in receivables from broker and dealers \$ 206
Decrease in accrued expenses (130)

Total adjustments 76

Net cash decrease provided by operating activities (443)

Cash used in investing activities:

Decrease in investments (159)

Net decrease in cash and cash equivalents (284)

Cash and cash equivalents-January 1, 2008 2,889

Cash and cash equivalents-December 31, 2008 \$ 2,605

See notes to financial statements

PROBITY FIRST FINANCIAL SERVICES
STATEMENT OF CHANGES IN CAPITAL ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2008

Capital, January 1, 2008	\$ 9,607
Less: Net loss	(<u>519</u>)
Capital, December 31, 2008	<u>\$ 9,088</u>

See notes to financial statements.

PROBITY FIRST FINANCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. The following supplementary information is submitted:

Exemption from Rule 15c3-3 is claimed under (k) (1).

As a registered broker-dealer, the Company is subject to the SEC's Uniform Capital Rule 15c3-1. The rule requires that the Company maintain minimum net capital, as defined, of 6.67% of aggregate indebtedness, as defined, or \$5,000, whichever is greater.

Net capital as reported on page 7 of this audited Form X-17A-5 indicates net capital of \$8,951. In January 2009, the company filed part IIA of Form X-17A-5 (unaudited) and reported the same net capital of \$8,951. Excess net capital is \$3,951.

2. As a sole proprietor, owner's personal assets substantially exceed both his personal and business liabilities.

3. Computation for determination of reserve requirements under Rule 15c3-3 of the Securities and Exchange Commission:

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k)(2)(i), of the rule.

4. Information relating to possession or control requirements under Rule 15c3-3 of the Securities and Exchange Commission:

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k)(2)(i), of the rule.

PROBITY FIRST FINANCIAL SERVICES

COMPUTATION OF NET CAPITAL

DECEMBER 31, 2008

Capital	\$ 9,088
Less: non-allowable assets	<u>-0-</u>
Net capital before haircuts	9,088
Less: Haircuts (2% x \$6,829)	<u>(137)</u>
Net capital	8,951

Greater of:

Minimum dollar net capital required \$ 5,000

or

Minimum net capital required: (6 2/3% of aggregate indebtedness \$ 620) \$ 41 5,000

Excess net capital \$ 3,951

Excess net capital at 1000% \$ 8,889

AGGREGATE INDEBTEDNESS

Accounts payable and accrued expenses, etc. \$ 620

Percentage of aggregate indebtedness to net capital 7%

See notes to financial statements.

PROBITY FIRST FINANCIAL SERVICES
RECONCILIATION OF NET CAPITAL WITH FOCUS REPORT

DECEMBER 31, 2008

Net capital per company's unaudited X-17A-5 Part IIA Filing (Focus Report)	\$ 8,951
 Audit Adjustments	 <u>-0-</u>
Net capital per audited report, December 31, 2008	<u>\$ 8,951</u>

There were no material differences between the audited and unaudited computations of net capital.

ARNOLD G. GREENE

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5

To the Sole Proprietor of

Probity First Financial Services

In planning and performing our audit of the financial statements and supplementary schedules of Probity First Financial Services (the "Company") for the year ended December 31, 2008, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

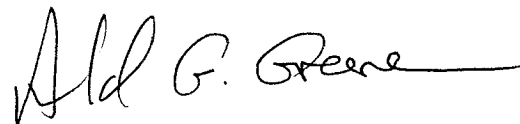
Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2008, to meet the SEC's objectives.

This report recognized that it is not practicable in an organization the size of the Company to achieve all the divisions of duties and cross-checks generally included in a system internal accounting control, and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority, Inc. (FINRA) and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Arnold G. Greene". The signature is fluid and cursive, with a long horizontal line extending from the end.

February 28, 2009